



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE SPACE COMMAND

11 MAR 99

MEMORANDUM FOR AFSPC Contracting Offices

FROM: HQ AFSPC/LGCP
150 Vandenberg St Ste 1105
Peterson AFB CO 80914-4350

SUBJECT: INFO.LTR 99-12, Reimbursing Contractors for Subcontract Costs in FAR
Part 12 Acquisitions

1. This information letter, INFO.LTR 99-12, is directive in nature for all AFSPC contracting offices and is issued under Special Publication System, AFSPC 64-101, for Specialized Contracting Publications. This INFO.LTR supercedes INFO.LTR 99-06.
2. In commercial acquisitions under FAR Part 12, contractors may be reimbursed for subcontract costs only when the following conditions apply:
 - a. Market research establishes that reimbursement provisions are standard commercial practice for the particular subcontracted items/services to be covered under the reimbursement CLIN.
 - b. The items/services to be covered by the reimbursable CLIN cannot be forecasted with any degree of accuracy at time of proposal, but a fixed price may be established prior to expenditure by the contractor. (i.e. Appliance repairs under a Food Service contract.)
 - c. The total value of the reimbursement CLIN is not a significant portion of the total contract price (i.e. 5-10%).
3. Contracts including a reimbursable CLIN for subcontract costs must include language that requires the QAE to approve all expenditures under this CLIN before they are made to ensure price reasonableness.
4. Since FAR Part 12 acquisitions cannot be audited for close-out, any overhead or handling fees shall not be included in the reimbursement CLIN. If they are necessary, the contractor may include the cost under the fixed-price CLIN.
5. If you have questions on any of the above, contact Ms. Barbara Bumby at DSN 692-5251.

ERIC M. HODGES, Lt Col, USAF
Chief, Policy/Clearance Branch

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